

Service Date: November 8, 2000

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER of the Application	)	UTILITY DIVISION
of MDU RESOURCES GROUP, INC. for	)	DOCKET NO. D2000.10.173
Authorization of the Issuance of	)	DEFAULT ORDER NO. 6288
up to \$750,000,000 worth of	)	
additional Securities	)	

On October 18, 2000, MDU Resources Group, Inc. (MDU or Company) filed an application with the Montana Public Commission ("Commission") seeking authority to issue up to \$750,000,000 worth of additional securities of the Company as proposed in the application. The application is filed pursuant to Title 69, Chapter 3, Part 5, MCA.

The application was supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of issuance of securities by electric and gas utility companies operating within Montana. For detailed information with respect to the general character of MDU's business and the territory served by it, reference is made to its annual report on file with the Commission.

At a regular open session of the Montana Public Service Commission, held at its offices on November 6, 2000, there came before the Commission for final action the matters in this

Docket, and the Commission, having fully considered the application and data and records pertaining thereto on file with the Commission and being fully advised in the premises, makes the following:

**FINDINGS OF FACT**

1. MDU is a corporation organized and existing under and by virtue of the laws of the State of Delaware and is qualified to transact business in the State of Montana.

2. MDU is operating as a public utility as defined in 69-3-101 and 69-3-102, MCA, and as such is engaged in furnishing electric and gas service in Montana.

3. The Commission has jurisdiction over the subject matter of said application under Title 69, Chapter 3, Part 5, MCA.

4. The Company applies for a Commission order for authorization:

(A) for issuance, over a two-year period (unless otherwise specified in the application regarding hybrid securities, stock purchase contracts, stock purchase units and warrants), of some or all of the following kinds of securities, as the Company determines to be necessary to obtain for the Company, not to exceed \$750,000,000 of long-term financing for the purposes hereinafter discussed:

- (i) for the issuance of not to exceed \$750,000,000 worth of the Company's Common Stock;
- (ii) for the issuance of not to exceed \$112,500,000 worth of the Company's Preferred Stock and/or Preferred Stock A;
- (iii) for the issuance of not to exceed \$225,000,000 worth of the Company's

secured debt securities (including, without limitation, first mortgage bonds or secured medium-term notes ("New Mortgage Bonds") or other secured debt securities ("Senior Notes"), some of the proceeds of which may be used to purchase, defease or redeem existing medium-term notes secured by the Company's Indenture of Mortgage ("Secured Medium-Term Notes") or short-term debt securities), and/or unsecured debt securities, notes, or other evidences of indebtedness, and/or guaranties issued from time to time;

- (iv) for the issuance of not to exceed \$225,000,000 worth of stock purchase contracts to purchase Common Stock, and/or stock purchase units (each representing ownership of a stock purchase contract and Company debt securities, Company hybrid securities or debt obligations of third parties securing the holder's obligation to purchase Common Stock), and/or warrants; and
- (v) for the issuance of not to exceed \$225,000,000 worth of other securities, including hybrid securities issuable directly or indirectly by the Company or guaranteed by the Company such as convertible or unconvertible preferred securities, putable or callable instruments, together with associated put or call rights, subordinated debt, and mandatorily convertible instruments;

(B) for the issuance of all the above securities (the "Securities") by methods which may include other than competitive bidding and negotiated offers, as expressly permitted by Section 34.2(a)(3)(iii) of the Code of Federal Regulations (C.F.R.). See Section VI of this

Petition.

MDU requests that a single order be issued to authorize the relief requested by this application. The Company seeks the flexibility to issue the Securities in one or more public offerings, private placements, direct placements, or agency transactions, or any combination of these methods of issuance, so long as any method of issuance used by the Company is deemed to be in the best interest of the Company, its customers and its stockholders. In addition, the Company seeks the flexibility to vary the maximum issuance amounts set forth above for each type of security, so long as the aggregate issuance amount of all such securities does not exceed \$750,000,000.

MDU requests that the authorization granted pursuant to this application permit the Company to issue and sell the Securities from time to time, in one or more transactions, over a period of two years (unless otherwise specified in the application regarding hybrid securities, stock purchase contracts, stock purchase units and warrants) from the date of the Commission's order herein and that the authorization supersede and replace the Commission Order dated January 25, 2000 (Docket No. D99.1.1, Default Order No. 6140).

5. The issuance of Securities would be used for funding MDU's capital requirements, for the refunding of its outstanding obligations, for corporate development (including, without limitation, the issuance of any of the Securities in a private placement with the seller or sellers of a business, or its assets, being acquired, or the issuance and sale of the Securities in one or more public offerings, direct placements, or agency transactions, or any combination of these methods,

the cash proceeds therefrom being applied to finance the acquisition of businesses or business assets, or the issuance and exchange of the Securities for other securities), and for other general corporate purposes.

6. The transactions proposed by MDU (a) are consistent with the public interest; (b) are for a purpose or purposes permitted under the laws of the State of Montana; (c) are necessary or appropriate for and consistent with the proper performance by MDU of service as a public utility; and (d) will not result in a situation in which the aggregate amount of the securities outstanding and proposed herein to be outstanding will exceed the fair value of the properties and business of MDU.

### **CONCLUSIONS OF LAW**

The securities transactions proposed by MDU, as herein authorized, will be for a lawful purpose and are consistent with the public interest; the same are appropriate and consistent with the necessary performance of MDU of service as a public utility; and the aggregate amount of securities outstanding and proposed to be outstanding will not exceed the fair value of the properties and business of MDU.

### **ORDER**

IT IS HEREBY ORDERED by the Commission:

1. The application of MDU Resources Group, Inc. for authority to issue up to \$750,000,000 worth of additional Securities as proposed in the application, is hereby approved and authority is granted. This authority is effective through December 31, 2001.

2. On January 25, 2000, in Docket No. D99.1.1, Default Order No. 6140, the

Commission authorized the Company to issue, from time to time over a two-year period, up to \$400,000,000 of the Company's securities (the "1999 Authorization"). Upon MDU's request, the Commission hereby orders that the authority granted herein shall supersede and replace the 1999 Authorization, effective immediately, without affecting the validity and authorization of Common Stock issued under the 1999 Authorization prior to the date of this Order.

3. Approval of this filing is based on MDU Resources Group, Inc.'s assurance that the issuance of the Securities will not have an adverse effect on MDU nor effect any change in the cost or quality of service to the MDU's ratepayers. Also, MDU stated in the filing that the issuance of Securities will not impair MDU's ability to perform its public utility service.

4. Neither the issuance of securities by MDU pursuant to the provision of this Order nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any securities authorized, issued, assumed or guaranteed hereunder.

5. The approval of this application shall not be construed as precedent to prejudice any future action of this Commission.

6. Issuance of the Order does not constitute acceptance of MDU's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 6th day of November, 2000, by a vote of 5 -0 .

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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DAVE FISHER, Chairman

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NANCY MCCAFFREE, Vice Chair

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BOB ANDERSON, Commissioner

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GARY FELAND, Commissioner

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BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision.  
A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.